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SENATE BILL 693 By  
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HOUSE BILL 1541  
By Walley

AN ACT to amend Tennessee Code Annotated, Section 67-3-910,  
relative to exportation of petroleum products.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-3-910(d), is amended by deleting  
subdivision (1) in its entirety and by substituting instead the following language:

(1) For petroleum products exported to points outside this state, the exporter is  
the only person permitted to the credit or refund of the taxes. To obtain a refund, the  
exporter must file a refund claim and certification from the receiving state acknowledging  
receipt of the petroleum products, tax returns filed in the receiving state and/or proof of  
payment, or other documents showing proof of export satisfactory to the commissioner.  
In addition, the exporter must provide proof that this state's tax has been paid to a  
distributor or dealer, or directly to the state by the exporter in the event the exporter is  
licensed in this state. Alternatively, the exporter shall be permitted to take a credit for  
the taxes on a monthly tax return. To take a credit for such products exported for resale,  
the credit must be taken on a report filed within one hundred eighty (180) days of the last  
day of the month in which the export was made. When taking credit, the exporter must  
be licensed in the destination state for motor fuel tax purposes and must possess  
shipping papers which indicate the state of destination for the taxable motor fuel. Such  
shipping papers are to be maintained by the exporter claimant for a minimum of three (3)

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years and are to be made available to the commissioner upon request in conjunction with an audit of the credit claimed. A claim for refund and all supporting documentation must be received within three (3) years from December 31 of the year in which the export activity occurred in order to receive a refund.

(2). As an alternative to the procedures described in (d)(1), a distributor or dealer may be permitted to the credit of the taxes when such distributor or dealer is not the person exporting the petroleum products but rather has sold the petroleum products to a person who in turn has exported the product. In order to qualify for the credit, the distributor or dealer must be licensed in the destination state for motor fuel tax purposes and must collect from the exporter the destination state motor fuel taxes. In addition, the exportation of the petroleum products must be supported by shipping papers which indicate the state of destination for which the taxes have been collected. Copies of the shipping papers are to be maintained by the distributor or dealer for a minimum of three (3) years and are to be made available to the commissioner upon request in conjunction with an audit of the credit claimed. The distributor or dealer claiming credit under this subdivision shall be entitled to rely in good faith on an exporting customer's assertion as to state of destination and shall be relieved of further liability for Tennessee tax with respect to those gallons sold to an unrelated third-party customer for export as to which the distributor or dealer in fact collected and remitted the destination state motor fuel tax in conformity with the exporting customer's assertion.

(3) The alternative described in (d)(2) is to be available to distributors and dealers effective July 1, 1997, or on the first day of the twelfth month preceding enactment of subdivision (d)(2), whichever is earlier. A distributor or dealer who has not charged the exporter the destination state motor fuel taxes on any sale occurring on or after this effective date but prior to enactment of (d)(2) will nonetheless qualify for the alternative provided under (d)(2) if all other conditions under (d)(2) have been met.

SECTION 2. Tennessee Code Annotated, Section 67-3-910(d), is further amended by designating present subdivision (2) as subdivision (4).

SECTION 3. This act shall take effect July 1, 1997, the public welfare requiring it.